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6 August 1981

MEMORANDUM FOR: Chief, Public Affairs Branch

FROM: [REDACTED] 25X1
Chief, Classification Review DivisionSUBJECT: Classification of the Transcript of the
DDCI's Remarks in the Auditorium

As you were advised by telephone, [REDACTED] of this Division recommended 25X1
that the transcript of the DDCI's remarks should be classified CONFIDENTIAL,
based on [REDACTED] review of his notes taken during the session. [REDACTED] 25X1
has now reviewed the transcript itself which you forwarded to us on 30 July, and
confirms that a classification of CONFIDENTIAL is appropriate. He also notes
that the tenor of certain of the remarks makes it advisable to stamp the trans-
cript INTERNAL USE ONLY. As we offered, the transcript is being returned with
annotations by [REDACTED] which provide the gist of the questions asked by the 25X1
various members of the audience.

Attachment:
Transcript of DDCI's RemarksUnclassified when
Separated from
Attachment.**CONFIDENTIAL**

Admiral Inman

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21 JULY 1981

It's been my experience over these many years around the intelligence business that rumors spread faster in the intelligence organizations than anywhere else in the government. I began a practice some years ago, as I mentioned to you the last time, of having sessions from time to time to give my observations of how things are going and then responding to questions; from a sense that the best way you head off rumors are by communications. It's been my observation in my limited time here that the Director's "Notes" -- the speed with which they appears in the press, appear to be more aimed for an external market than the internal CIA one. I prefer to talk to you.

Last time we dealt with a few problems in some candor. We have even more chance to practice that today, unhappily. It was particularly encouraging to me that in fact I did not read about any of my comments with this group in the outside media the last time, and I would be encouraged if that record were to continue.

Let me very quickly give you a status report on some issues that have been of concern to me and I hope they are to you because I think they're things we all need to focus on.

First, outside, dealing with the Congress. The hearings on the '82 budget are moving along very well. We had a very substantial '81 supplement-- we got all but \$4 million of it. Several of us are going to go down to be beaten on a little later this week by the House Appropriations Committee but notwithstanding going through that, the odds are very optimistic that we are going to get most of the money that was requested. We will lose some of the money we asked for in the amendment for covert action. I don't have a great problem with that because frankly none of us really knew, when we went

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forward with that '81 supplement, what the Administration would ask in the way of covert action, what it would cost. And so they were pretty wild guesses. As the pace has gone along, we will be able to accept that reduction in funding, I think, without any major impact, though I had hoped to borrow some of it to help deal with our overseas pay differential problem. But the real answer is that support in the Congress for getting on with rebuilding U.S. intelligence community and specifically in dealing with CIA's real problems remains very strong. We need to work to keep it that way.

On matters of legislation, it isn't as clear that progress is going to be as fast. It's a lot easier to vote us authorization and funds in a classified mode than it is to take on in an unclassified mode some of the things we're asking them to do--agents identities bill, Freedom of Information Act relief--there is a core of strong support to give us the backing and relief that we need. Whether that core is going to be enough to actually enact legislation and the legislation that we want, is not yet as clear. It is precisely to ensure we build that Congressional support as well as we can. That there are some new requirements for presence of senior experienced elements of the Agency when we are actually briefing the representatives and the senators themselves. To some degree, very candidly, it is responding to egos. But they are very busy people. I'm very comfortable with letting analysts go to talk to analysts anywhere over this town as long as the security envelope is sufficient. But when one is taking the rare time afforded us to talk to members, we have to make absolutely sure we take maximum advantage of the opportunity in the minimum amount of time. So while the new requirements may be a burden, they're based on experience. And I'm persuaded by past years of practicing that that there is a very high payoff ultimately

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in getting support for the legislation, getting support for the budgets that we very much need.

Within the Executive Branch, I would report to you that progress toward new organization, toward new structure on the national security side continues to be very slow. We still do not have a signed directive that formally structures the senior inter-agency groups or even defines the topics they will cover. The structure is functioning reasonably well. The dialogue with Defense and with State and with working members of the NSC, from my perspective, appears to be going pretty well. I would be happier if the formal organization were moving at a faster pace. Certainly there appears to be a ready market for our analysis and perhaps an overly ready market for what we might be able to do in covert action--I will come back to that in a moment. Thus far we don't appear to have problems of access to the senior officials in the Administration as they come in. Again we will all be well served to use that access succinctly--quickly and also be very responsive to requests to keep that access going, but at least if there are problems in it, they have not raised to my level. In fact, we have succeeded in getting cooperation in some areas. We're hopeful we will get some of the old past causes for fights behind us. We have changed, as many of you may know, an approach that we aren't going to try to display U.S. information or proposed U.S. initiatives in estimates but on a corollary, we do have a commitment from the Secretary of Defense to a greater flow of information about U.S. forces to us to help us in the analysis problem. There's a commitment from the DCI that we will not use that information provided in violation of caveats that have been placed on it when it comes to us. There's also a commitment to try for the first time to jointly sponsor some net assessments. And I don't want to give any advance

speculation about how well we'll do from either side but at least its progress and being willing to work together.

On the internal side, I believe that reorganizations as such from the DCI/DDCI level are essentially accomplished. They may not have been accomplished as deftly, particularly in dealing with people and assignments as one, in retrospect, might liked to have done, but there were specific factors that drove the decisions for organizational change--they were not slap-dash. There was a conscious decision that this Agency will not be engaged in the business of trying to sell itself to the public. That there are things we rightly can do in the preparation of reference materials which are unclassified which should be available to the public through existing government mechanisms. But we should not look to try to hand those out as a means to curry favor. That in the effort to try to publish unclassified analytical pieces we simply bite off more problems than we do good things. That in the process of trying to get down to the unclassified level you leave out precautionary notes on sources and methods, the explanations of how much you know or how little you know that condition the reader to understand. You either have great confidence or you have marginal confidence in your statements. So we will not be publishing at the unclassified level under a CIA label, analytical pieces.

On the other hand, if another department has a particular need we will help them prepare the intelligence materials to be published under their own banner.

Any new Administration goes through a period of shaking down, looking for new approaches, new ways to solve problems. There are indeed been a number of proposals to consider covert action. Covert action in political terms, in propaganda terms, provision of weapons in some cases, no use of

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U.S. paramilitary forces. I have heard around the halls some worries that we were about to sign on to large sweeping covert action programs that would get the Agency in the kinds of difficulties that are recalled as having haunted the past. My reaction to that rumor is to tell you very flatly--that's not a worry you need to have at this point in time because we don't have the capabilities to get into the kind of situation even if an Administration were to want to do it. It's a result of failure to make any investment, any significant investment, over the last five years. But even within the realm of capability that we do have, as education comes along and as the complexities of the problems become more aware, I'm confident that the senior leadership of this Agency from the DCI down will be in its proper protective mold to ensure that this Agency does not undertake commitments that it is neither prepared to discharge nor that it would be wise for it to undertake.

We are going through a revision in the way we approach estimates. I've been fascinated to hear, again via the rumor circuit, that this is to facilitate politicizing the estimative process and nothing could be further from the truth. If you really want to know the origin go read some history. The DCI does very frequently; if you'll go back and do a little reading on the approach that Walter Bedell Smith brought to the problem and as McCone brought to the problem, Mr. Dulles, you will find very many familiar events in the approach that the DCI is bringing to change the estimative process. There is an impatience with the speed with which response comes. Some of that is natural and results from pressures above--some of it also is related to the level of understanding of how heavy the load is down inside. Some patience on your part for that latter one is in order but to the management intervening in between, where there are problems because of numbers

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of people in being able to respond, you should not be reluctant to say that and to spell out why and to what else ought to be considered to be given up in order to facilitate the tasking which has been laid on.

If I have any advice to give at this early junction from my months of working with you, it's one specific areas where the whole mood and mode of operations needs to change. We should be looking to improve the process, not to defend it. And there's too great an inclination to defend in response to any question, comment or query as opposed to addressing how can one improve the process and what changes ought to be done. Proposals for change from the bottom are a sign of a very healthy organization. And the whole management structure should look to facilitate those proposals for improvement and change, not to hinder their flow.

I have tried to keep in clear focus, from the point that I acceded to the draft to come to this job, that it was worth undertaking for one primary reason. And that was the urgent need to rebuild the intelligence capabilities of this country. And I have tried to keep that goal out in clear focus for every decision, both long-range and short-range. I dwell on that point because I encourage all of you to subscribe to it and to keep that clearly in focus as you address some of the tribulations we are going through right now. Professionalism is a virtue to be greatly encouraged and/w^{re}arded. And at the sake of some embarrassment to the individual, John Stein, would you please stand up. I would simply note that in the events of the last months there were some organization changes and some assignments which clearly would not have been to John Stein's personal preference. In dealing with them, in trying to make them work and in picking up the pieces when they did not, he gave us a model of professionalism that we can all admire and hopefully emulate. (Applause.)

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There are a lot of others who could equally deserve mention-- fortunately most of them have been lucky not to have profiles written on them giving their habits and their attributes.

The DCI has had a great deal written about him the past ten days and my sense is it's not by any means behind us yet. From the best that Stan Sporkin and I can put together, there are no new incidents, there are no new involvements or questions of past conduct in a private life in being a venture capitalist that had not been the subject of inquiry. Some are ongoing, cases that in the way of litigation, familiar to those who have been on the outside making money instead of inside getting poorer -- One therefore has to conclude that there is strong political motivation behind the ongoing events. I told my colleagues at the NFIB today that there were no airplanes flying around out here with streamers behind them "Inman running for DCI," nor any smoke writing.

Going back to the objective I gave you, of rebuilding this intelligence community for the future; there is not a universal movement to that tune in the Executive Branch. It is very clear that OMB is very unhappy with the pace of growth already undertaken and would be most pleased to cut off right now the wide ranging plans for the future. And the best hope we have of overriding that and really getting on with rebuilding, in my view, is the DCI who has direct access to the President and whose willing to use it.

Why do I dwell on that with this audience. Because I went through a rather painful experience for my time in government last Friday. At a closed hearing on the Hill when I was trying to take out a little of the temperature, Senators said in executive session that they had been getting phone calls from current employees of this Agency alleging improper use

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of economic intelligence by the DCI to the commercial sector, being investigated by the security apparatus of the CIA; deliberate slanting of estimates to support pre-conceived political views. I came back and checked with the IG, whom I have come to admire for his directness. I found no one had complained to him that there was any alleged misuse of economic intelligence. But I was stunned at the lack of sense of discipline that there would be any phone calls to the outside or any discussion with any news reporters without having used all of the mechanisms available inside to redress any perceived misuse or misdirection of intelligence service and its capabilities.

If I haven't totally frozen questions with that last little bit, maybe now's the time to stop for a light break and take some questions and then come back for any closing comments I may have.

Question: Inaudible.

Answer: The answer is flatly, yes. The Senators involved have a track record. One isn't remiss in using things for political advantage. The other two's track record for direct honesty has been absolutely first-rate. And this was in a closed session, not in one for public consumption, so I am inclined to buy as absolute fact that it did occur. Painful.

On the political intelligence side, problems seem to swirl around intelligence related to the Soviet pipeline and the wisdom of building it. There also are some allegations that we already dealt with the last time around about the terrorism in Aiea (sp?). Those two plus the economic one were the three allegations that came up. On the pipeline, the DCI did like his own views about the pipeline, pulled together from a lot of discussions, which he sent to the President as part of Cabinet discussions. While that may make some people a little uncomfortable, again, we really can't have it both ways. If the Agency in its prestige overall, benefits

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from a DCI being a member of the Cabinet, then one also has to accept that the DCI as a member of the Cabinet will write his own views. And all of us should be very comfortable. If we have any disagreement in distancing ourselves from what he's clearly by charter allowed to form as his own opinion, and what an analytical group may have as a separate one. But I suspect that if there is a strong different view that analysts want to have expressed, they wouldn't have any difficulty in getting that forwarded for the same audience to hear.

Question: Inaudible

Answer: Surely there are going to be some happier topics around here sooner or later. I guess when we last talked I had taken a strong stand on my views about the Executive Order and what it ought to contain. For about a month afterwards that was the prevailing order of the day and we put together a revised EO and sent it around--got general community agreement and sent it off to Congress in response to commitments made in confirmation hearings by both the DCI in his hearings and by the DDCI in his. I'm not quite sure whether it was the complication, the wording or simply the fact that Congress was brought in at that point, but any rate to some incumbent members of the NSC, that was considered to have pre-empted their own free action to make any changes they would like to make. And the perception that it was not their role to join in the earlier dialogues--that they should have their separate crack. We went through a reasonably strained period over that process. The new General Counsel got an immediate and very thorough workout in taking directives which frankly were oriented in the first (I don't think it's an overstatement, Stan) toward throwing out all the restrictions, and rewriting the organizational part as sort of a go get-um mode. The General Counsel declined to negotiate on their terms

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and took them part by part through first dealing with the restrictions portion and I guess the process went from no restrictions all the way back through to then writing, not repeating the things which are forbidden by law, but to take the other ones and to put them in clear concise English and I think there is a reasonable prospect that that's going to sell without any problem. There was then some substantial rewriting to accommodate to their needs on the organizational part of the charter and as it may come as no surprise to those of you who have been around a few years, that that did indeed open up some worries in Defense, in the FBI, in Justice, of the efforts by the DCI reaching out and grabbing new authorities. And that process is being worked through; hopefully it will be successful in the near term and that we will have an EO which still does what it's supposed to do and that's provide a roadmap for the professionals inside that has continuity, that is recognizable and clearly tells us what we are supposed to do, what authorities we have and what restrictions we have; so that we know by what standard we would be held accountable in the outyears. Slow progress.

Question: Inaudible.

Answer: Interestingly, we took our greatest hit on credibility, in my time here, over the Israeli raid on the Iraqi nuclear reactor. For a variety of reasons and hindsight, one can spread criticism around in several directions. Different analysts went to different committees under different requirements, responded to different stimulus, different arguments, different kinds of questions. But there were some members who were present for more than one of those sessions and who came away with the belief that they heard different things and different judgments from us in different forms. And we had a pretty substantial flutter from some of our strongest supporters about our credibility over that situation.

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There has been no impact that I can find from this current unpleasant and vastly undesirable publicity over the credibility of either our operations, our professionalism or our product. Save for some comment to me and a few others about quotes in the news media which appear to be quoting active members of the service and the part we've already discussed in the calls to the Congress. The real impact is whether those who do not want to see us start out on a major rebuilding program will be able to use this in any way to slow that process down. But for the general credibility of the Agency and its product within the Executive and Congressional Branches I would tell you I find it uniformly very high. I'm quick to criticize and forget the compliments I get. I've spent a fair amount of time on the Hill these last months, maybe not enough. I get repeated compliments about the basic professionalism of the Agency and its people, as the general reaction to those who have enough involvement to get past a general surface impression.

My summary answer is that the credibility really resides, ultimately, on what we say in the way of analysis, in the way of reporting out of the Agency and as long as that's clear and understandable, even when we're wrong, if our arguments for why we believe what we believe are clear, credibility will stay very high and will continue an upward movement.

Question: Inaudible

Answer: Credibility is going to play a heavy role. We have a little benefit going for us from all the arm twisting OMB is doing to implement a domestic policy. They aren't making lots of friends in the Congressional sense. Notwithstanding our current problems, I believe so long as we work hard at keeping the credibility of our collection, reporting, analytical efforts high, we won't have any difficulty in sustaining the Congressional

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support for growth, but what a lot of us learned before was you've got to have Executive Branch support also. And that was one of our problems--we didn't have Executive Branch support. One should understand the OMB opposition--a word I choose to use as opposed to hostility. There isn't anyone they're serving addressing our problems who hasn't spent their entire career and gotten all their promotions from an orientation of what can they cut. There's been no incentive, nothing during any of their time but what do you need to build. My solution to totally change all those does not appear to fall on receptive ears. That would have been the easy way. It's going to take a combination of persuasion. Ultimately, I believe it is going to take the DCI with a carefully orchestrated support of the Secretary of Defense and the Secretary of State going to the President and saying, here's what we have to have at the front line of the national security rebuilding that you committed to do when the public placed their confidence in you. It's got to be in those terms. And that says that kind of access has to be possible if we're going to be able to do it.

Jim Glerum tells me recruiting is going well.

Question: Inaudible

Answer: It is not the easiest or smoothest I've seen in my years in Washington. I don't sense any hostility in the process. Certainly there are some graduates in this organization who are scattered around at some key slots who are certainly knowledgeable of the capabilities here and I get a sense that there's a pretty good dialogue going on at essentially the action officer level back and forth. There is not the same level of staff work sophistication of staff work that many of us observed in the 1969 to 1975 timeframe. There were other things we didn't like in that

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timeframe. Nobody's come along in the last six months and told us to put something under a hold status and there are pluses and minuses-- maybe one should count their blessings but at least we're not getting unwelcome direction to suppress reporting and things like that. I worry about it, frankly, that it's not as sharp, as smoothly functioning as this country needs it to be at this critical timeframe. I don't have any quarrel with the Administration's priorities as a citizen for working on the domestic front, trying to get inflation under control, but that's not a benign world out there. And I worry that we're going to find ourselves within the year and maybe less tested by our principle adversary and I'm not personally comfortable that the structural organization tasking responsiveness is in place and tested that will guarantee that we will deal with that crisis in a first-class professional manner. And obviously that's a rather candid appraisal, one that would not be welcome in some circles.

Question: Inaudible.

Answer: I believe that if an analysts and the managers believe that misleading information has gone forward they have the responsibility to bring that forward to me, to the DCI, to the IG if they don't have the sense that they are getting satisfaction. The Agency should not be left in the position for subsequent second guessing. That there is a deliberate politicizing on intelligence. We've had an instance that has come up in the timeframe that management referred to the IG. Interestingly, it was an allegation of an ultra-liberal bias, not a conservative bias toward the information. The IG did an investigation and I'm persuaded that there ultimately was no substance to the allegation. Again, the last time we gathered here we spent some time on this topic that in the analytical business you have to be willing to have your facts questioned, your

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assumptions questioned and your judgments questioned and you have to be able to sort out which is which, sometimes in a very concise way for those who are deciding what to use or how to use it or what to support. To be able to sort through all that process quickly. It turned out in the terrorism area that people were talking past one another--what it was they were trying to describe, what activity was that was the subject of much worry. We came up with a construction that covered the interest of both groups--I don't know that that was the best estimate that has ever been produced, but at least I do have the sense that what went outside did convey the views of differing groups. On the other hand, I have heard rumors of people being replaced or moved simply because they did not agree with the specific direction, a twist policy. And I have to tell you from some direct observation that's not the fact. There is both the question of what your analytical views or statements are and how well you can articulate them, but also in some positions there is as much premium on the speed with which you can put those views forward with great clarity, and some people don't turn out to be suited for that specific function. That doesn't mean they can't perform very well in other areas. But a replacement for someone who demonstrates over time that they are not suited to be quickly articulate and concise and understandable in a fast-moving environment should not be one to quickly conclude or advertise that that change is motivated because of a disagreement with analytical conclusions. I have a reasonable amount of patience on some issues but in that case even I ran out of patience with trying to draw out an understanding of what was going on.

I hope I left you fairly confused with that fuzziness.

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Question: Inaudible.

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Answer: There are some newspaper stories that are beginning to run over the ticker now--there was a hearing this morning, open hearing, before the SSCI trying to be helpful, using Senator Chafee's bill which is sort of last year's bill, not a total all-inclusive exemption, but it served as a peg to make the case for the all-inclusive exemption, and for me to put forth in that open forum what I have said off-the-record to Council on Foreign Relations, and the Chicago Committee and the local face-to-face Carnegie Institute, and some others of my conviction that there is a basic incompatibility between the decision in this society that you need in peacetime intelligence organizations to conduct secret intelligence collection, processing and analysis and at the same time look to an openness of government approach to police it. We did have a problem for years of not having a mechanism for oversight that we now have - an established mechanism through the Congressional committees. That's why I'm so attuned to our being very responsive to them and in going up to take a beating when they complain when they're not being properly informed, even when that's inadvertent rather than deliberate. I don't know that I made any strong sales in that approach. I was followed, I'm told, by the other intelligence agency heads who all signed up for wanting relief and by the Newspaper Publishers Association opposing any relief at all. It's 1981 - with any good luck this session, there's not many legislative days left, we might get a bill through. If it goes over to 1982, I'm far less optimistic about how much courage will be visible by those who are counting on newspaper support in re-election campaigns. So it's going to be close. But there are some very strong supporters on the Hill who will work hard to get us relief in this session.

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Executive Branch has not signed off for their total approach but in response to the GC's direct approach, the deputy attorney general has signed off for CIA and NSA for a full exemption and I used that oral support which I drew out from him again last night in the hearing today since OMB has not signed up to it that will probably go on the long list of complaints as did my testimony in favor of government initiative for foreign-language training earlier in the week, which was also a measure they opposed for purely financial reasons.

It is late in the day. I would come back to the question of discipline. Not to overwork it, also not to underrate its impact. All the other branches of government do watch very closely for the internal discipline of an intelligence organization. Discipline really is only going to work if there is a conviction all across the workforce that there are viable mechanisms inside to address worries or inequities. We have a very unusual situation in dealing with our retirees. They have given much to this Agency and their continued loyalty and support if it is to be greatly treasured and valued, but they have retired and they do not have a day-to-day need-to-know all the inner workings of what's going on inside the Agency. But I find they are sometimes a better source to me of what's going on inside the Agency than that which comes up through the normal reporting mechanisms. And our priorities are not in order if that is the case. All of us have the responsibility from the top down to the bottom to ensure that we do have a discipline that befits an intelligence organization whose whole stock in trade is being able to operate in classified mode. And yet all of us have to go about the day-to-day operation with great confidence that no hair-brained schemes will again be hatched and executed without oversight, without the checks and balances that would again take this great Agency

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through some of the difficult times you had before and I have to leave this podium with a sense of confidence that you will all work to make sure that discipline is really there. It's the necessary support I have to have if I can really be effective on your behalf in trying to rebuild our capabilities in the decade ahead.

Thank you very much.

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